

ARTICLE 17 – LEAVES OF ABSENCE

(a) When the requirements of the operation will permit, an employee may be granted an unpaid Personal Leave of Absence, referred to as "PLOA," for any period of up to one (1) year. A request for PLOA must be submitted to the Company in writing. The request will state the reason for the leave and the duration of the leave. An approved PLOA will be granted in writing and will specify the expiration date of the leave. When a PLOA is granted, the employee will retain and continue to accrue seniority during the entire period of the leave.

(1) If the initial leave is requested for less than one (1) year and the requirements of the operation will permit, a PLOA may be extended for additional periods such that the total leave does not exceed one (1) year. A request for an extension of a PLOA must be submitted and approved prior to the expiration date of the current leave.

(2) An employee on a PLOA may submit a request to terminate his leave prior to the expiration date of the leave. The request must be in writing and the Company's response to the request will be in writing.

(3) Based on the requirements of the operation, the Company may cancel any PLOA at any time prior to the expiration date of the leave. In the event the Company elects to cancel a PLOA, the affected employee will be notified in writing not less than fourteen (14) calendar days prior to the effective date of the cancellation.

(4) An employee elected to a full-time governmental office (Federal, State) will be granted a Government Leave of Absence (GLOA) not to exceed the term of office, or subsequent re-election. The application for a GLOA must be made in writing to the Company, with a copy to the Union. An employee granted a GLOA will retain and accrue Occupational seniority for the period of the leave, however, no other Company benefits or privileges will be granted or accrued, nor will time on a GLOA constitute continuous service for pension plan benefits. Employees granted a GLOA must give thirty (30) days notice of intent to return.

(b) An employee, holding a position as an International TWU Representative, an International TWU Officer, or a full time position with the International Union or any of its locals, may request through the International Union a Union Business (Pay) Continuance Leave of Absence, referred to as "UBC". The request for a UBC will be in writing from the International Union. The request will be sent to the Vice President – Employee Relations. If approved by the Company, the UBC will not exceed twelve (12) calendar months or the term of office in the event of an elected position. The written approval will state the expiration date of the leave. An employee on a UBC will continue to retain and accrue seniority throughout the leave.

(1) A UBC may be extended in the same manner as stated in Article 17(a). A request for an extension of a UBC must be submitted and approved prior to the expiration date of the current UBC.

(2) If the UBC is extended, the employee will continue to retain and accrue seniority.

(3) If an employee is on a UBC, there will be no interruption to the employee's pay and benefits, but the Company will bill the Local Union or the International Union, as applicable, for the employee's salary plus a percentage override for tax and benefit related expenses. Failure of the responsible party to pay the billing will result in the termination of the UBC for the affected employee.

(c) Leaves of absence for bona fide Union business will be granted if a written request is submitted to the employee's supervisor in advance to accommodate the request. In the case of an employee holding a position as an International Representative, an International Officer of the Transport Workers Union or an employee holding a full time position within the International Union or any of its locals, the written request must be submitted by the Director Air Transport Division of the Transport Workers Union to the Vice President – Employee Relations. During this leave for Union business, known as "UB", the employee will maintain his benefits.

(d) In lieu of a planned Reduction in Force, the Company will, to the extent possible, make Overage Leaves of absence (OL) available to TWU represented employees who have completed their probationary period. Requests for leaves under this procedure must be submitted to the Company in writing. Approved leaves will be granted in writing and will not result in the involuntary transfer of any other TWU represented employee.

(1) Prior to the authorization of any Overage Leave of Absence (OL), the Executive Vice President of Customer Service or the Senior Vice President of Maintenance and Engineering, as appropriate, will review implementation plans with the Director of the Air Transport Division.

(2) The number of such leaves of absence granted at each station will be determined by the Company.

(3) When an Overage Leave is declared, an employee who is on a leave of absence other than an Overage Leave may request to have his leave converted to an Overage Leave. It is the employee's sole responsibility to request such conversion.

(4) Upon proper application to the Company, leaves of absence under this procedure will be granted by job skill/work unit, in order of occupational seniority for periods of not less than one (1) week and no more than one (1) year. Extensions may be granted if there are no other Overage Leave requests on file.

(5) Overage Leaves, once granted, may not be refused and must be accepted by the employee requesting the leave.

(6) Due to the requirements of the service, the Company may cancel Overage Leaves granted under this procedure any time prior to the expiration date of the leave. In the event the Company wants to cancel a portion of the number of Overage Leaves, the cancellations will be in inverse seniority order.

(7) An employee who has been granted a leave of absence under this procedure must submit his current address of record to the Department Manager approving the Overage Leave in writing. Thereafter, an employee on an Overage Leave must advise the Department Manager, in writing, within ten (10) calendar days of any change in address.

(8) In the event the Company elects to cancel the leave of absence, the affected employee will be notified, in writing, via certified or registered United States mail, return receipt requested, or by United Parcel Service or equivalent, confirmation of delivery requested to the last address of record on file with the Department Manager.

(9) An employee granted a leave of absence under this procedure will not be entitled to employment and will forfeit his seniority with the Company if:

(a) He fails to return to work on the specified date at the expiration of the leave; or

(b) He declines, in writing, his intention to return to work; or

(c) He does not indicate, in writing, his intention to accept or reject employment within seven (7) calendar days after receipt of notice of cancellation of the leave of absence; or

(d) He does not return to work on the date specified in the notice of cancellation of the leave of absence. The return date will not be less than seven (7) calendar days after receipt of the notice.

(10) An employee, granted a leave of absence under this procedure, will continue to accrue Company, Occupational, and Pay seniority for all purposes during the leave of absence for a period not exceeding his previous service to a maximum of one (1) year.

(11) An employee, returning to duty at the expiration of an Overage Leave, will return to the work unit/shop/shift where a vacancy exists and will, thereafter, be permitted to exercise his seniority on the next available shift selection. Temporary Crew Chiefs will be utilized to fill Crew Chief vacancies of over thirty (30) calendar days, which occur as a result of Overage Leaves.

(12) An employee on an OL will receive benefits under the conditions provided below:

(a) While on an OL, the basic coverage of Medical, Dental, and Basic Life Insurance will continue for the employee. The employee must pay his portion of the costs in accordance with Company policy. If the employee is enrolled in any optional coverage, he must make payments for those benefits to remain in effect during the OL. Payments for optional coverage will be in accordance with Company policy. An employee should contact Employee Services (refer to Article 17(i) for contact methods) for the appropriate forms to calculate his individual costs.

(b) The time on an OL will be considered as time worked for purposes of vesting and credited service for retirement benefits.

(c) The time on an OL will be considered as time worked in determining vacation accrual and paid sick leave accrual.

(d) Holidays that occur during an OL will not be paid.

(e) An employee may keep all Company identification cards/badges during his OL. An employee retains full travel privileges during the OL, except for travel on other airlines which is not permitted. When traveling on an OL, the employee must prepay travel service charges at the ticket counter.

(f) Premiums for the TWU LTD Insurance Plan must be paid for in advance of the OL and for the duration of the OL. An employee should contact his Local Union for the appropriate forms and information.

(g) Benefit coverage and application not specifically provided in Article 17 will be applied in accordance with Company policy.

(e) When an employee is placed on an unpaid leave of absence due to sickness or injury, the continuation of the leave is contingent upon review and approval by AA Medical. ~~Employee Services will send, via certified U.S. Mail return receipt or equivalent carrier, the employee a personal information package within ten (10) calendar days from the start of the leave including a letter advising of his unpaid leave status, benefit information, and notice of the requirement for medical substantiation. The employee must provide medical substantiation for the leave to AA Medical within fifteen (15) calendar days of receipt of the package. Should AA Medical need further clarification, the employee and/or the treating physician/provider may be asked to provide additional information. The approval of the leave is contingent upon receipt of sufficient medical documentation from the employee's treating physician/provider. Approvals will be granted in writing~~

and will specify the expiration date of the leave. The employee will retain and continue to accrue his seniority until he is able to return to duty or is found to be unfit for duty; except that in no case will a leave for sickness or injury exceed a total continuous period of five (5) years. The Company will provide one hundred eighty (180) calendar days written notification prior to the expiration date of the five (5) year period. The notification will be made via certified U.S. Mail return receipt or equivalent carrier to the employee's last known address.

(1) Application of SKLOA is referenced in Company policy.

(2) To extend the SKLOA beyond the initially approved leave period, an employee must provide updated medical information from his treating physician/provider to AA medical at least ten (10) calendar days prior to the expiration of the leave in order for AA medical to make the determination that a continuation of the leave is substantiated. The approval of the continuation of the leave is contingent upon receipt of sufficient medical documentation from the employee's treating physician/provider.

(23) An employee, who is returning from a leave granted for reasons of sickness, injury, or pregnancy, will be permitted to exercise his seniority in resuming his classification or any lower classification at the station to which he has previously been assigned.

(f) An employee granted a leave of absence under the provisions of the Family Leave Act, referred to as a Family Leave of Absence or "FMLOA" will retain and continue to accrue seniority during the leave, not to exceed ninety (90) calendar days.

(g) An employee on any leave of absence will physically report to his station on his first scheduled workday following the expiration of the leave. It is the responsibility of the employee to contact the Company prior to the expiration of his leave of absence to ensure that he knows his schedule and assignment. Failure to report or to secure a renewal of a leave of absence will terminate the leave of absence and his employment. It is the responsibility of the Company to inform the employee of the expiration date of any approved leave of absence. The Company will also inform the employee of the procedures regarding any benefits while on his leave.

(h) Any written communication, required by Article 17, between the Company and an employee on a leave of absence will be via certified or registered United States mail, return receipt requested, or by United Parcel Service or equivalent, confirmation of delivery requested.

(i) Any change in address must be filed promptly by the employee through Employee Services. Employee Services may be contacted via e-mail to Employee.Services@aa.com, or by sending correspondence to Employee Services; P. O. Box 619616; Mail Drop 5141; DFW Airport, Texas 75261, or by calling Employee Services at 1-800-447-2000.

(j) If any employee is on any leave of absence and he is affected by a reduction in force, his leave of absence will be terminated, and the provisions of Article 15 will be applied to the affected employee.

(k) The rights of an employee on a leave of absence under the provisions of Articles 17 and 18, in regard to the maximum duration of a leave, Company seniority accrual, Occupational seniority accrual, Pay seniority accrual, vacation accrual, sick leave accrual, credited service for pension, and reinstatement rights are listed in the chart that follows.

ARTICLE 37 – SEVERANCE ALLOWANCE

(a) Any employee with one (1) year or more of service who is laid off for reasons other than those in paragraphs (b), (c), and (f) will receive severance allowance as provided in paragraph (e), subject to the limitations in this Article.

(b) Severance allowance will not be paid for layoffs of less than four (4) months duration, which are due to seasonal schedule reductions.

(c) Severance allowance will not be paid if the layoff is the result of an Act of God, a national war emergency, revocation of the Company's operating certificate or certificates, grounding of a substantial number of the Company's aircraft for safety reasons, dismissal for cause, resignation, retirement, or a strike or picketing causing a temporary cessation of work.

(d) At the time of layoff, the Company will advise the employee in writing of the reasons for his release and whether it is for reasons outlined in paragraphs (a), (b), or (c) above. If the employee is released for reasons in (a) above, he will be eligible for the immediate payment of the severance allowance as provided in this Article. If the employee is released for reasons in paragraph (b), and, if at the expiration of four (4) months from the date of layoff he is not offered reemployment in other than a temporary job in accordance with Article 16, his layoff will be presumed to have been caused by factors covered in paragraph (a) above, and he will become entitled at that time to severance allowance, as provided in this Article. Temporary work which does not exceed a continuous period of forty-five (45) calendar days will not be considered as breaking the four-month period of layoff.

(e) The amount of severance allowance payable under this Article to employees eligible is contained in the following table and will be based on length of compensated service with the Company from date of employment and will be in addition to all other benefits in this Agreement. **Severance payout's will be paid as a lump sum.**

(1) Severance for part-time employees will be based on the employee's Company seniority and the scheduled hours at the time of layoff. If the employee's scheduled hours have been reduced within sixty (60) calendar days of the layoff notice, an average of the previous six (6) months scheduled hours will be used to determine the "scheduled" hours for the purposes of pay.

(2) A week of severance allowance will be computed on the basis of the employee's regular straight-time hourly rate at the time of layoff, multiplied by forty (40) hours for full time but for part time hours as outlined above.

<u>If employee has completed:</u>	<u>Severance Allowance:</u>
1 year of service	3 weeks
2 years of service	3 weeks
3 years of service	4 weeks

4 years of service	5	weeks
5 years of service	6	weeks
6 years of service	7	weeks
7 years of service	8	weeks
8 years of service	9	weeks
9 years of service	10	weeks
10 years of service	11	weeks
11 years of service	12	weeks
12 years of service	13	weeks

(f) ~~If the employee is not reemployed by the Company~~ within four (4) months from the effective date of his layoff, and he has at least one year's seniority as of the date of layoff, he will be entitled to an additional two (2) weeks severance allowance. **Payment of this provision is limited to one time.** In the event the employee is recalled to work under Article 16 before the expiration of four (4) months from the date of his layoff and is again laid off, he will be entitled to the additional two (2) weeks' severance allowance if he is not reemployed by the Company within four (4) months from the effective date of such subsequent layoff.

(g) Severance allowance will not be granted when, (1) the employee elects to exercise his seniority to remain with the Company in his own or a lower classification in accordance with Article 15; (2) he has, within four (4) months of layoff, been offered a job in accordance with Article 16, and has refused such job; or (3) he accepts any other employment offered by the Company prior to the expiration of four (4) months from the date of layoff.

(h) An employee recalled to work under the terms of Article 16, who is again laid off under conditions that would entitle him to severance allowance, will be entitled to the amount specified for his years of compensated service with the Company in accordance with paragraph (e) of this Article, less the dollar amount received on the occasion of the previous severances, provided that the dollar amount deduction will not be made if the employee completes at least one (1) additional year of compensated service with the Company from the date on which he reported for duty upon the occasion of the prior recall.

(i) An employee who has been given severance allowance at the time of layoff and who is rehired in less than the number of weeks covered by the severance allowance (plus an additional two (2) weeks if he also received two (2) weeks' pay in lieu of notice) will have the amount of overpayment deducted from his subsequent earnings.

(j) An employee who has been reemployed under the conditions outlined in Article 37(h) and (i) will retain all seniority and length of service credit for pay and other purposes accrued prior to the date of his severance.

LETTER OF MEMORANDUM – 10 – EARLY OUT

September 12, 2012

**Mr. Robert F. Gless
Deputy Director - ATD
AA System Coordinator
Transport Workers Union of America, AFL-CIO
1791 Hurstview Drive
Hurst, TX 76054**

Early Out Incentive Allowance

Dear Robert,

During the 2012 restructuring negotiations, the TWU expressed an interest in reaching an agreement on an Early Out program that would provide a means to mitigate involuntary furloughs for TWU represented employees.

In the interest of reaching a consensual agreement for those TWU employee groups that will experience furloughs as a result of the terms and conditions agreed to within the respective AA/TWU restructuring agreements, the Company agrees to provide the following incentives on a one time basis:

Eligibility: Any TWU represented employee covered by the Mechanic and Related, Fleet Service, Stock Clerk, Dispatch or Maintenance Control Technician agreement who is on active payroll or an approved Leave of Absence as of September 12, 2012

1. For employees who were system or station protected prior to September 12, 2012 and who are subject to a reduction in force in accordance with Article 15 of the AA/TWU agreements in connection with implementation of the restructuring agreement:

a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).

b. Provide the \$12,500 special severance payment under Article 44

c. In order to receive a. and b. above, the employee will be required to forfeit all seniority, and relinquish any and all claim for re-employment and recall.

2. For all employees, whether affected by a reduction or force or not, who are willing to voluntarily separate from the Company to reduce the involuntary reductions at that station or on the system and who are 45 years of age or older and have 15 years or more of Company seniority, the Company will:

- a. Provide regular severance in accordance with Article 37 of the AA/TWU agreement, except for the additional two (2) weeks under Article 37(f).
- b. Provide the \$12,500 special severance payment under Article 44 (if the employee was system or station protected prior to DOS)
- c. Provide a \$10,000 separation allowance for full time employees/\$5000 for part time employees
- d. In order to receive a., b. and c. above, the employee will be required forfeit all seniority, and relinquish any and all claim for re-employment and recall.
- e. The Company has committed to granting all Early-Out requests for eligible Title I and Title II employees. Employee's last day of work will be dependent on the operational requirements, but the Company will consider seniority and an individual's preference to the extent possible when awarding dates. The Company will commit to working with the Locals to assist with exit dates of those who select an Early-Out.

The above will result in employees electing lay off and receiving severance outside the normal operation of Article 15 and Occupational seniority, therefore this agreement requires the International TWU's agreement. If you agree with the above, please indicate by signing below.

Sincerely,
{Original Signed on File}

Agreed to:
{Original Signed on File}

James B. Weel
Managing Director
Employee Relations
American Airlines, Inc.

Robert F. Gless
Deputy Director
Air Transport Division
Transport Workers Union of American, AFL-CIO

Examples of estimated pre-tax payout amounts by TWU classification

	<u>Regular Severance¹</u>	<u>Sys. Protection Special Severance</u>	<u>Special Incentive</u>	<u>Total</u>
AMT - Line	\$17,030	\$12,500	\$10,000	\$39,530
AMT - Base	\$16,744	\$12,500	\$10,000	\$39,244
OSM	\$11,450	\$12,500	\$10,000	\$33,950
PM Mech - Line	\$15,314	\$12,500	\$10,000	\$37,814
PM Mech - Base	\$15,028	\$12,500	\$10,000	\$37,528
PMM	\$9,989	\$12,500	\$10,000	\$32,489
A/C Cleaner	\$9,672	\$12,500	\$10,000	\$32,172
Parts				
Washer	\$9,937	\$12,500	\$10,000	\$32,437
Utility				
Person	\$9,209	\$12,500	\$10,000	\$31,709
Cabin				
Cleaner	\$4,290	\$12,500	\$10,000	\$26,790
Bldg Cleaner	\$4,290	\$12,500	\$10,000	\$26,790
FSC - FT	\$11,159	\$12,500	\$10,000	\$33,659
FSC - PT	\$7,811	\$12,500	\$5,000	\$25,311
Ground Svc.	\$11,159	\$12,500	\$10,000	\$33,659
Stock Clerk	\$11,159	\$12,500	\$10,000	\$33,659
MCT	\$21,788	\$12,500	\$10,000	\$44,288
Dispatch	\$25,548	\$12,500	\$10,000	\$48,048

¹Assumes 13 weeks severance at max. rate including applicable premiums